

GLOSSARY OF TERMS

Drop Down: When the underlying policy aggregate limits are reduced or exhausted, or if there is no underlying coverage, the umbrella will "drop down" and pay the excess of the reduced amount or apply in place of the exhausted underlying amount.

Excess Insurance: Insurance coverage that pays only after other insurance, called primary insurance, has been exhausted.

Follow Form: An excess policy whose insuring agreements, policy terms, exclusions and conditions are nearly identical to those of the underlying insurance.

Following Form Endorsements: When attached to the umbrella policy, they provide coverage to the extent it is provided in the scheduled underlying insurance.

Following Form Endorsement 26825 (Commercial Only): When applied, the umbrella becomes an excess policy. The umbrella only covers what the underlying policy is covering. This is not a true umbrella.

Manuscript Endorsements: Using form 26153 to "make" your own endorsement. All usage of this form must have Home Office approval.

Self-Insured Retention (SIR): Is similar to a deductible. It applies to occurrences that are not covered by underlying insurance.

Stand Alone: An excess policy that does not rely upon the provisions of the underlying insurance. It stands alone and depends only upon its own insuring agreements, policy terms, exclusions and conditions.

Umbrella Liability Policy: A liability policy that provides broad coverage for an insured's liability over and above liability covered by underlying contracts or retention limits.